

RECORDATION NO. 25915 FILED

OCT 18 '05 1-20 PM

SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

October 18, 2005

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of September 30, 2005, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor: Smith Railroad Company, Inc.
2001 Kenilworth Avenue
Capital Heights, Maryland 20743

Secured Party: United Bank
Two Bethesda Metro Center
Suite 1500
Bethesda, Maryland 20814

Mr. Vernon A. Williams
October 18, 2005
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A description of the railroad equipment covered by the enclosed document is:

50 railcars: 30 within the series HRLX 2001 - HRLX 2073 and 20 within the series HRRC 2009 - HRRC 2074, each as more particularly set forth in the equipment schedule attached to the document.

A short summary of the document to appear in the index is:

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$33.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ed M Luria".

Edward M. Luria

RWA/anm
Enclosures

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SURFACE TRANSPORTATION BOARD

MEMORANDUM OF SECURITY AGREEMENT

dated as of September 30, 2005,

by and between

**SMITH RAILROAD COMPANY, INC.
as Debtor**

and

**UNITED BANK
as Secured Party**

**FILED WITH THE SURFACE TRANSPORTATION BOARD
PURSUANT TO 49 U.S.C. § 11301
on October ___, 2005, at __:__.m.**

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of September 30, 2005, by and between UNITED BANK, its successors and assigns ("Secured Party"), and SMITH RAILROAD COMPANY, INC., its successors and assigns ("Borrower"), with reference to the following:

1. Secured Party has agreed to make a loan to Borrower, and Borrower has agreed to give Secured Party a security interest in those certain rail cars described on Schedule A attached hereto.

All of such rail cars are more fully described in that certain Loan and Security Agreement dated July 8, 2004, among the Borrower, Joseph Smith & Sons, Inc. ("JSSI") and the Secured Party, as amended by that certain First Amendment to Loan and Security Agreement effective July 8, 2004, among the Borrower, JSSI and the Secured Party, as further amended by that certain Second Amendment to Loan and Security Agreement dated November 22, 2004, among the Borrower, JSSI and the Secured Party, as further amended by that certain Third Amendment to Loan and Security Agreement dated September 30, 2005, among the Borrower, JSSI, R. Paul Smith and the Secured Party (together with all of the riders, schedules, other attachments, amendments or modifications thereto, collectively, the "Security Agreement").

2. The Third Amendment to the Loan and Security Agreement shall be effective as of the date hereof and shall be subject to the terms specified in the Security Agreement.

This Memorandum of Security Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one Memorandum of Security Agreement.

(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Security Agreement to be duly executed as of the date first above written.

UNITED BANK

By: _____

Name: _____

Title: _____

SMITH RAILROAD COMPANY, INC.

By: _____

Name: _____

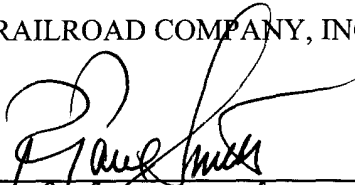
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Security Agreement to be duly executed as of the date first above written.

UNITED BANK

By: _____
Name: _____
Title: _____

SMITH RAILROAD COMPANY, INC.

By:  _____
Name: R. Paul Smith
Title: President

STATE OF Maryland :
COUNTY OF Montgomery :

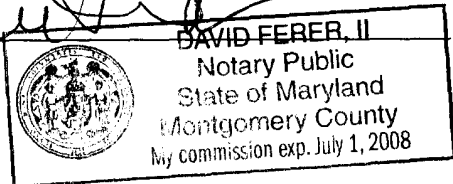
ss:

I HEREBY CERTIFY THAT on this 27 day of September, 2005, before the undersigned, a Notary Public of the State and County aforesaid, personally appeared Joseph LaMense, who acknowledged himself/herself to be the EVP of United Bank, and that he/she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Seal]

Notary Public



My Commission Expires:

STATE OF _____ :
COUNTY OF _____ :

ss:

I HEREBY CERTIFY THAT on this ____ day of September, 2005, before the undersigned, a Notary Public of the State and County aforesaid, personally appeared _____, who acknowledged himself/herself to be the _____ of Smith Railroad Company, Inc., and that he/she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Seal]

Notary Public

My Commission Expires:

STATE OF _____ :

ss:

COUNTY OF _____ :

I HEREBY CERTIFY THAT on this ____ day of September, 2005, before the undersigned, a Notary Public of the State and County aforesaid, personally appeared _____, who acknowledged himself/herself to be the _____ of United Bank, and that he/she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Seal]

Notary Public

My Commission Expires:

STATE OF Maryland :

ss:

COUNTY OF Prince George :

I HEREBY CERTIFY THAT on this 3 day of ~~September~~ October, 2005, before the undersigned, a Notary Public of the State and County aforesaid, personally appeared Ruben Smith, who acknowledged himself/herself to be the _____ of Smith Railroad Company, Inc., and that he/she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Seal]

Jean Renee Miller
Notary Public

My Commission Expires:

JEAN RENEE MILLER
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires November 20, 2006

SCHEDULE A
TO MEMORANDUM OF SECURITY AGREEMENT

DESCRIPTION OF RAILCARS AND REPORTING MARKS

DESCRIPTION	CAR MARK	CAR NOS.
Railcars	HRLX	2001, 2002, 2007, 2008, 2012, 2014, 2016, 2018, 2022, 2023, 2026, 2030, 2031, 2039, 2040, 2043, 2045, 2046, 2047, 2049, 2055, 2060, 2062, 2063, 2064, 2065, 2067, 2070, 2072, 2073
Railcars	HRRC	2009, 2010, 2015, 2017, 2020, 2021, 2024, 2025, 2027, 2028, 2034, 2036, 2044, 2053, 2056, 2066, 2068, 2069, 2071, 2074